

Message Text

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UNCLAS MEXICO 10352

E.O. 11652: N/A

TAGS: BEXP, MX

SUBJECT: BETWEEN SHOW PROMOTION FEE SCHEDULE

REF: USDOC 16782

1. PRESENT FULL COST RECOVERY FEE SCHEDULE APPEARS TO HAVE EFFECTIVELY REMOVED TRADE CENTER MEXICO CITY FROM MARKET FOR MAJORITY OF FIRMS WHICH WERE PREVIOUSLY REGULAR USERS OF OUR FACILITIES. THESE FIRMS PRINCIPALLY USED LOUNGE OR SEMINAR ROOM WHICH WE OFFERED AT US\$ 25 AND \$50 RESPECTIVELY PER DAY AFTER WE WERE DIRECTED TO CHARGE FOR BSP USE OF TC FACILITIES EFFECTIVE JULY 1, 1975. CHARGE OF \$150 FOR USE OF ANY OR ALL OF TC FOR THREE DAY PERIOD OR ANY PART THEREOF MEANS THAT NEW TO MARKET FIRM THAT TYPICALLY WOULD USE LOUNGE FOR TWO OR THREE HOURS FOR ONE OR TWO DAYS WOULD PAY UP TO THREE TIMES GOING RATE FOR SUCH FACILITIES IN MEXICO CITY'S HOTELS. (SEE PARA. 3). OTM FIRM AT \$250 WOULD PAY UP TO FIVE TIMES GOING RATE. OTM SEMINAR ROOM USER FOR ONE DAY WOULD PAY "ONLY" DOUBLE GOING COMPETITIVE RATE, WHILE EXHIBITION HALL WOULD APPEAR TO BE UNDERPRICED.

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2. REGARDING THREE DAY PERIODS, WITH EXCEPTION OF LOUNGE,

WE ARE COMPETITIVE WITH SIMILAR FACILITIES IN BETTER HOTELS AT DAILY RATES (EXCEPT IN CASES WHERE HOTELS THROW IN MEETING OR EXHIBITION ROOM AT NO CHARGE IF USER BUYS FOOD OR LIQUOR SERVICE OR USES NUMEROUS GUEST ROOMS). HOWEVER, BEING FORCED TO CHARGE FOR THREE DAYS, WHETHER OR NOT THIS NUMBER OF DAYS IS REQUIRED, EFFECTIVELY MAKES TC UNCOMPETITIVE FOR ONE AND TWO DAY BPS'S, SUCH SHORT-TERM EVENTS FORMERLY OVER 50 PERCENT OF MCTC'S BETWEEN SHOW USE. THIS LACK OF COMPETITIVENESS SHOWS UP IN OUR PROJECTED USAGE FIGURES FOR OCT. 1, 1975 - SEPT. 30, 1976 (IDENTIFIED AS "NOW") AS COMPARED WITH OCT. 1, 1974 - SEPT. 30, 1975 (IDENTIFIED AS PRV. YR.)

| | LENGTH OF BSP | HALL | LOUNGE | SEMINAR |
|------------|---------------|--------------|--------------|--------------|
| | PRV. YR./NOW | PRV. YR./NOW | PRV. YR./NOW | PRV. YR./NOW |
| ONE DAY | 3 / 0 | 14 / 0 | 14 / 0 | |
| TWO DAYS | 2 / 1 | 5 / 1 | 3 / 3 | |
| THREE DAYS | 2 / 4 | 10 / 4 | 6 / 4 | |
| FOUR DAYS | 0 / 0 | 4 / 3 | 6 / 0 | |
| FIVE DAYS | 2 / 2 | 7 / 3 | 3 / 5 | |

3. SURVEY OF PREVAILING DAILY RATES IN LEADING LOCAL HOTELS FOR FACILITIES COMPARABLY TO THOSE OF MCTC REVEALS FOLLOWING (AREA IN SQ. METERS IN PARENTHESES):

| HOTEL | EXHIBIT HALL | SEMINAR ROOM | LOUNGE |
|-------------------|----------------|----------------|--------------|
| CONTINENTAL | US \$800 (750) | US \$152 (165) | US \$56 (65) |
| HOLIDAY INN | US \$280 (329) | US \$96 (115) | US \$64 (66) |
| MARIA ISABEL | US \$400 (675) | US \$104 (109) | US \$72 (65) |
| AV. PER SQ. METER | US \$.84 | US \$.90 | US \$.98 |

ALTHOUGH ABOVE HOTELS DO NOT OFFER TC'S COMBINATION OF VIRTUALLY UNLIMITED FLOOR LOADING, BUILT-IN UTILITIES, DUAL-VOLTAGE ELECTRICITY, MERO DISPLAY SYSTEM, REPFIND SERVICES, AND PROMOTIONAL COUNSELING, TC DOES NOT OFFER FOOD OR BEVERAGE SERVICES, EXCEPT BY SPECIAL ARRANGEMENTS, AND CANNOT OFFER DISCOUNT RATES FOR BOOKING OF HOTEL ROOMS. MOST IMPORTANTLY, TC RESTRICTS EXHIBITS TO U.S. GOODS AND SERVICES, THUS LIMITING OUR UTILIZATION BY MULTI-LINE AGENTS AND DISTRIBUTORS WHO FREQUENTLY WANT TO INCLUDE NON-US EQUIPMENT TO SHOW FULL LINE.

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4. REPRESENTATIVE COMMENTS BY POTENTIAL TC USERS ON PRESENT FEE STRUCTURE RECEIVED SINCE COMMENTS SENT TO PORTER CLARY BY MEMO OF COTOBER 3, 1975 ARE FOLLOWING:

A. GENERAL MOTORS DE MEXICO, SA. DE C.V., MGR, JORGE GARCIA GODOX CANCELLED HIS TWO-DAY BSP IN LOUNGE BECAUSE OF OUR INCREASED FEES, SAYING \$250 WAS NOT COMPETITIVE WITH LOCAL RATES.

B. IRD MERCHANALYSIS, A REGULAR SEMI-ANNUAL USER OF TC SINCE IT OPENED, SAID "TRADE CENTER FACILITIES VERY GOOD BUT WE WILL HAVE TO RECONSIDER USE OF TRADE CENTER BECAUSE OF INCREASED FEES." HE NOTED IN LETTER TO TC THAT FOR HIS PURPOSES ANY CLASSROOM, SUCH AS AT YMCA WHICH IS GRATIS, WILL DO.

5. IN VIEW OF ABOVE, WE BELIEVE WE CAN CHARGE COMPETITIVE RATES ON DAILY BASIS THAT WOULD RESULT IN FAIR RETURN TO USG AND NOT DISCOURAGE USE BY LOCAL AND US FIRMS. WE ARE RELUCTANT TO LIMIT DAILY RATES TO AREAS NTE 200 SQ. FT., AS SUGGESTED REFTTEL, AS THIS ABOUT ONE FIFTH OF MCTC SEMINAR ROOM AND ABOUT ONE FOURTH OF LOUNGE, BOTH OF WHICH NOT READILY DIVISABLE, YET BOTH ARE POPULAR FOR BSP USE. INSTEAD WE SUGGEST FOLLOWING SCHEDULE OF DAILY CHARGES FOR MCTC:

A. LOUNGE: OTM- US \$ 50

NTM- US \$ 30

B. CONFERENCE ROOM: OTM - US \$75

NTM - US \$45

C. EXHIBIT HALL:

1) PARTIAL USE OTM - US \$12 PER 15 SQ. METERS SEGMENT;
WITH MINIMUM CHARGE OF US \$50.

NTM - US \$ 12 PER 15 SQ. METERS SEGMENT; WITH MINIMUM
CHARGE OF US \$ 30.

2) ENTIRE HALL OTM - US \$ 250

NTM - US \$ 150

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